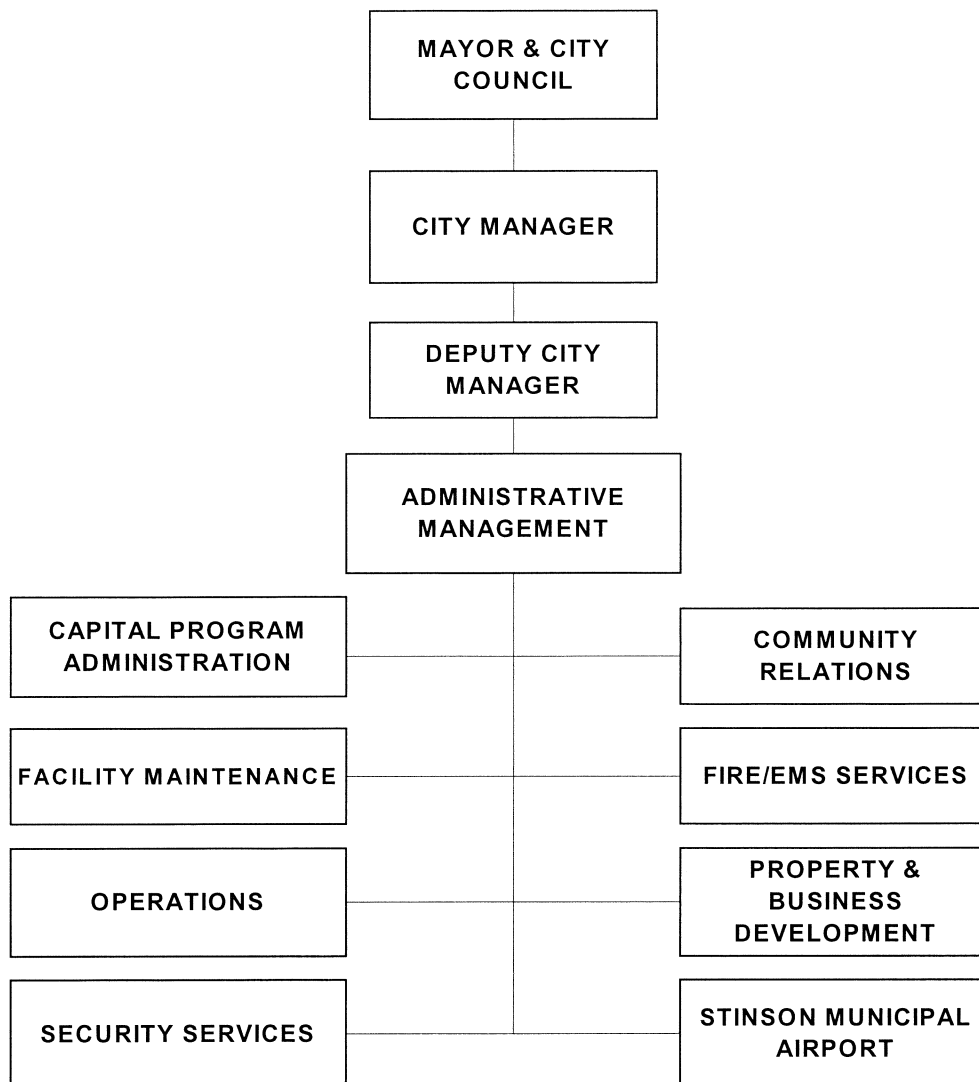


AVIATION



APPROPRIATIONS BY FUND	FTE	ADOPTED 2004-2005
Airport Revenue Fund	434.11	\$47,067,223
Passenger Facility Charge Fund	0.00	7,331,140
Debt Service Funds	0.00	17,410,959
Confiscated Property Fund	0.00	16,623
Categorical Grants	0.00	24,259,862
Improvement & Contingency	0.00	355,065
Capital Projects	0.00	166,842,000
Total Funding	434.11	\$263,282,872

MISSION STATEMENT

The Aviation Department, through its facilities at San Antonio International and Stinson Municipal Airport, provides to the citizens of San Antonio and the traveling public safe and secure, cost-efficient, first-class facilities while providing a catalyst for economic opportunity and fostering an environment for business development.

PROGRAM INFORMATION

The Aviation Department operates the City's two airports, International and Stinson, which provide general and commercial aviation services through an enterprise fund. Departmental responsibilities include airport operations, financial and property administration, economic development, vehicle and facility maintenance, airport security, fire protection, and public relations.

GOALS & OBJECTIVES

To provide for the aviation facility and service needs of the community, as well as stimulating economic development, all in a financially self-sufficient and safe manner consistent with applicable City, State and Federal regulations.

- ◆ To continue implementation of the Air Cargo Strategic Plan during FY 2005 through local and corporate headquarters facilitation meetings as well as the preparation of technical/business cargo presentations to be presented to three prospective cargo operators.
- ◆ To increase the number of non-stop flights pursuant to the recommendations contained in the Air Service Market Study by developing and presenting eight technical and market analysis proposals to airlines during FY 2005.
- ◆ To provide added safety and assurance to the traveling public through the implementation of augmented security measures, such as expanding the canine explosives detection team, updating the airport's access control and surveillance monitoring system during FY 2005.
- ◆ To have the Concourse Expansion program under construction by the beginning of FY 2005.
- ◆ To initiate the process for the development of an Environmental Impact Statement as the first step in implementing runway extensions and other major airfield improvements.
- ◆ To improve the quality of life in communities surrounding San Antonio International Airport with the continuation of the Noise Compatibility Residential Acoustical Treatment Program to sound insulate homes within the highest impacted areas as a noise mitigation measure.
- ◆ To begin implementation, in FY 2005, of the land use/land compatibility study recommendations for San Antonio International and Stinson Municipal Airports to permit future growth of the airports within compatible property uses.
- ◆ To devise and begin implementation, during FY 2005, of the first phase of the redevelopment plan for the North Loop Service Center site.
- ◆ To submit to the FAA during FY 2005 a Letter of Intent request for grant funding of eligible capital improvements.
- ◆ To have the new belly freight facilities under construction by the end of calendar year 2005.
- ◆ To have the new parking improvements under construction by the beginning of calendar year 2005.
- ◆ To continue the revitalization of Stinson Municipal Airport by implementing the Master Plan and Target Industry Study to include an expansion/renovation to its based aircraft facilities, new administrative space, as well as tenant service and maintenance facilities in FY 2005.
- ◆ To advance to the next step by FY 2005 on the Stinson Airport runway extension by either beginning the design, if a favorable environmental assessment is received, or initiate a full environmental impact statement if required by the FAA.
- ◆ To implement a wireless communications system by the beginning of FY 2005 to enhance technical support services for the public, airlines, concessionaires and federal agencies utilizing the airport's terminal complex.

BALANCED SCORECARD

	Strategic Objectives	Performance Measures	Actual FY 03	Rev. Bud. FY 04	Estimated FY 04	Adopted FY 05
Customer	Premier Visitor & Convention Destination – Strengthen Convention/Tourism Industry					
	To improve Aviation facilities and services through terminal roadway & parking improvements	Passenger approval rating ¹	93%	93%	93%	93%
	To increase the selection of the City as a business & visitor destination through improved air service	% of passengers on a direct flight for top 20 markets	56%	56%	56%	57%
	To increase the number of airport passengers to facilitate the growth of the tourism sector of the economy	No. of enplaned passengers	3,264,245	3,700,000	3,379,410	3,497,680
	Revitalization of Neighborhoods – Improve Environmental Efforts					
	To improve the quality of life in neighborhoods surrounding San Antonio International Airport with the communication and implementation of aircraft noise abatement measures	Noise complaints by households per 10,000 aircraft operations	4.2	3.7	4.7	4.3
Financial	Citizen Wellbeing & Human Potential – Provide Economic Development Opportunities					
	To support implementation of the Aviation Industry Strategic Plan with the goal of promoting and enhancing economic development of San Antonio's Aviation Facilities	No. of private sector jobs	6,483	6,700	6,850	7,000
	Innovative & Proactive City Government – Provide Accountability to Public					
	To achieve financial targets as projected in the Airport bond financing documents	Operating cost per enplaned passenger	\$7.90	\$7.10	\$7.78	\$7.94
		Airline cost per enplaned passenger	\$4.76	\$3.86	\$4.22	\$4.22
		Revenue per enplaned passenger	\$13.44	\$12.20	\$13.12	\$13.30
		Concession revenue per enplaned passenger	\$1.04	\$1.31	\$1.37	\$1.39

BALANCED SCORECARD CONTINUED

	Strategic Objectives	Performance Measures	Actual FY 03	Rev. Bud. FY 04	Estimated FY 04	Adopted FY 05
Internal Processes	Innovative & Proactive City Government – Improve Organizational Support					
	To improve convenience and efficiency for the airport passenger by automating parking facilities	% of Customers' Usage of Automation Devices	11%	20%	12.2%	13.5%
	To utilize employee team building programs to achieve improvements in customer service & cost efficiency	% of team customer service targets (rating) achieved	78%	75%	78%	78%
		% of team financial targets (budget savings) achieved	67%	50%	70%	70%
Employee Learning & Growth	Innovative & Proactive City Government – Improve Employee Services					
	To provide specialized training to improve job related skills in customer service	% of Employees Completing Annual Training	94%	98%	96%	96%

EXPLANATORY INFORMATION

¹ Passenger approval rating is obtained through an annual survey that is administered to airport passengers.

PROGRAM CHANGES

♦ **REDIRECTIONS/REDUCTIONS** **\$77,235**

REDUCTION IN OVERTIME EXPENSE

This **reduction**, through efficiency, will effectively reduce the use of overtime for fire personnel in the Aviation Department. Previously, when fire personnel at the International Airport were absent due to illness or annual leave, overtime was used to maintain required staffing levels. This reduction will rotate fire personnel from Stinson Municipal Airport to fill the missing slot(s) at the International Airport. Savings of \$70,000 will be realized by this reduction in FY 2005.

EMPLOYEE UNIFORM INITIATIVE

This **reduction**, totaling \$7,235, will establish requirements related to the purchase and/or lease and issuance of uniforms to full-time permanent city employees. In an effort to reduce costs yet improve the quality and consistency of City issued uniforms, the Purchasing Department has developed a standard employee uniform initiative. Under this initiative, all employees within specified job classes will be provided with uniforms appropriate for their work environment.

PROGRAM CHANGES CONTINUED**◆ IMPROVEMENTS****\$710,645*****WORKFORCE COMPENSATION ENHANCEMENT***

This ***improvement*** totaling \$442,286 will provide a market adjustment and performance pay incentive for eligible employees included in the Aviation Operating Fund budget. The market adjustment, effective October, 2004, will be distributed to eligible employees based on annual base salaries. Employees with \$40,000 annual base salary and below will receive a three percent salary increase. Employees with above \$40,000 annual base salary will receive a two percent salary increase.

In addition, eligible City employees with at least one year of service (who have been on the City's payroll as of October 1, 2003) will be eligible to receive performance pay in May 2005. The City's existing Employee Performance Management & Development System will serve as the foundation for effective distribution of the allocated performance pay.

CERTIFICATION PAY PILOT PROGRAM

This ***improvement***, totaling \$14,214, will provide eligible employees with incentive pay for obtaining approved certifications associated with enhancing job performance. The program will focus on rewarding employees, primarily those in the skilled craft and service/maintenance areas. This program will also reimburse civilian employees for exam fees and certification fees paid in the obtainment of the certification.

SPONSOR NETWORK 2006 AIR SERVICE CONFERENCE

This ***improvement*** will allow for the sponsorship of the Network 2006 Air Service Conference, which should attract approximately 350 airline companies, consultants, and airport representatives. This conference will give San Antonio the opportunity to showcase its city to 75 domestic and international airline representatives and meet with them concerning opportunities to serve or improve service to the market. Potential improvements in air service will facilitate the area's priority to make San Antonio a premier visitor and convention destination, as well as foster growth in other local businesses and industries. This improvement will total \$50,000 in FY 2005.

CONTRACT COMPLIANCE UNIT

This ***improvement*** will create a contract-monitoring unit funded for nine months in FY 2005, through the combination of a re-organization and additional positions. This unit, which will report directly to the Aviation Director, will address fiscal monitoring functions, contract compliance, and all revenue and non-Purchasing Department expenditure contracts. It is envisioned that the unit will ensure the implementation of city-wide established routines, procedures, and reporting requirements for the contract administration staff. Although contract compliance will be centralized, contract administration will continue to be performed in the Department's sections. The costs associated with this improvement will total \$124,145 in FY 2005.

SAN ANTONIO SYMPHONY IMPROVEMENT

This one-time ***improvement***, totaling \$80,000, will provide for at least three performances by the San Antonio Symphony within the terminals of the San Antonio International Airport in FY 2005. This improvement is a result of a City Council amendment to the proposed budget.

PROGRAM CHANGES CONTINUED
♦ MANDATES
\$158,481
COLLECTIVE BARGAINING AGREEMENT

This *mandate* projects the incremental increase for the last fiscal year of the current Collective Bargaining Agreement between the City of San Antonio and Local 624 International Association of Fire Fighters, which went into effect on June 3, 2002 and terminates on September 30, 2005. The FY 2005 incremental cost associated with this mandate will total \$146,726. According to this mandate, in FY 2005, all uniformed firefighters will receive a three-percent wage increase, plus incremental increases to incentives. This mandate will also provide step increases for the ranks of Lieutenant, Captain, and District Chief.

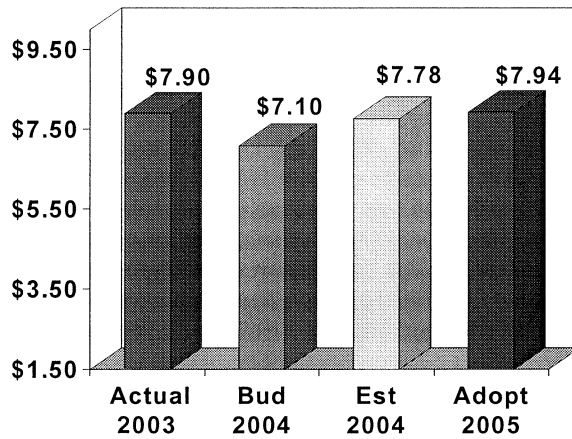
LONGEVITY

The 2002 collective bargaining agreement stipulates that the City provide an increase in salaries based on years of employment for all uniformed personnel. This *mandate* will address the contractually mandated increase in base salaries by three-percent for each block of five years served, with a maximum of 18% for 30 years of tenure. The incremental increase for this mandate in FY 2005 for all uniformed employees in the Aviation Fund will total \$11,755.

AIRPORT REVENUE FUND EXPENDITURES BY CHARACTER

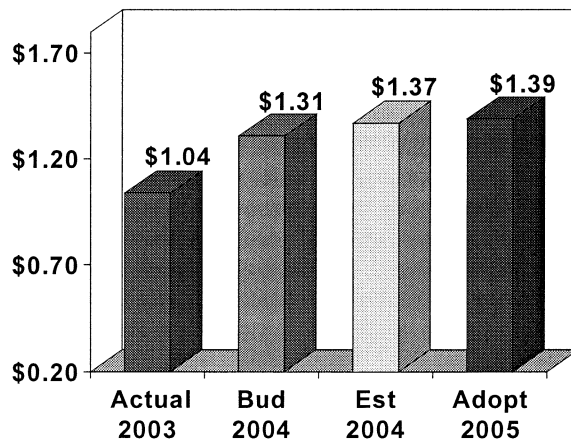
	ACTUAL 2002-2003	REVISED BUDGET 2003-2004	ESTIMATED 2003-2004	ADOPTED 2004-2005
PERSONAL SERVICES	\$16,065,174	\$17,552,501	\$16,981,621	\$18,975,355
CONTRACTUAL SERVICES	5,795,573	5,452,307	5,652,814	6,461,178
COMMODITIES	1,236,624	1,201,733	1,141,629	1,349,955
OTHER EXPENDITURES	1,097,751	1,380,221	1,379,371	1,397,872
CAPITAL OUTLAY	399,604	555,090	479,971	490,198
TRANSFERS	18,514,226	17,844,818	18,473,864	18,392,665
TOTAL EXPENDITURES	\$43,108,952	\$43,986,670	\$44,109,270	\$47,067,223
 AUTHORIZED POSITIONS	 407	 422	 422	 425
FULL-TIME EQUIVALENTS	416.11	431.11	431.11	434.11

OPERATING COST PER ENPLANED PASSENGER



✓ Operating Cost Per Enplaned Passenger includes personnel, equipment, supplies, utilities, and other direct operating costs together with airport service contracts divided by the number of enplaned passengers.

CONCESSION REVENUE PER ENPLANED PASSENGER



✓ Concession Revenue Per Enplaned Passenger significantly increased from Actual FY03 to Adopted FY05 due to the completion of the terminal renovations which included the addition of several restaurants and concessions for airport patrons.

AVIATION**GRANT SUMMARY**

The Aviation Department anticipates receiving federal and state grant funds totaling \$19,018,400 for FY 2005, which combined with Airport matching funds provided \$24,259,862 in program funding.

Below are listed the grants the Aviation Department expects to receive in FY 2005. Details on each grant program can be found on the following pages.

TITLE OF PROGRAM	FEDERAL	STATE	CITY	OTHER	ADOPTED FY 2005
Airport Improvement Program	\$15,250,000	\$0	\$4,883,333	\$0	\$20,133,333
Checkpoint Security Program	384,739	0	0	0	384,739
Explosive Detection Canine Team	160,500	0	0	0	160,500
TxDOT Airport Improvements	0	3,223,161	358,129	0	3,581,290
TOTAL	\$15,795,239	\$3,223,161	\$5,241,462	\$0	\$24,259,862

AVIATION**AIRPORT IMPROVEMENT PROGRAM****PROGRAM INFORMATION:**

The Airport Improvement Program is an FAA sponsored Grant program designed to assist airport owners in planning, constructing and maintaining the basic airfield infrastructure at airports nationwide. Grants consist of both entitlements and discretionary funding. The grant program covers the period of October 1, 2004 through September 30, 2005.

PERFORMANCE MEASURES

	Actual 2002-2003	Estimated 2003-2004	Adopted 2004-2005
Input:¹			
(Terminal) Security Assessment	\$1,030,628	\$0	\$0
EIS	1,500,000	0	0
Reconstruct Perimeter Road	1,660,000	0	0
Noise Mitigation	4,220,000	6,066,503	2,400,000
Sky Place Drainage Improvements	2,041,000	2,214,819	0
Airfield Lighting Upgrade	0	1,500,000	0
Relocate 30L Localizer	0	400,000	0
Replace ARFF Vehicle	0	450,000	0
East Air Cargo Expansion Phase 3	0	0	3,700,000
Terminal Apron Expansion	0	0	7,200,000
Airfield Safety (RSAT) Improvements	0	0	1,950,000
	0	0	0
Total	\$10,451,628	\$10,631,322	\$15,250,000

EXPLANATORY INFORMATION¹

Projected Airport Improvement Program grants for FY 2005 include four capital improvement projects totaling \$20,133,333. The Noise Mitigation grant funds 80% of a position in the Airport Operating Fund.

FUNDING BY SOURCE & EXPENDITURES BY CHARACTER

	Actual 2002-2003	Authorized 2003-2004	Adopted 2004-2005
FUNDING SOURCES			
CITY	\$3,132,210	\$3,038,233	\$4,883,333
FEDERAL	10,451,628	10,631,322	15,250,000
TOTAL FUNDING	\$13,583,838	\$13,669,555	\$20,133,333
EXPENDITURES			
CONTRACTUAL SERVICES	\$4,101,063	\$3,286,602	\$2,065,000
CAPITAL OUTLAY	9,482,775	10,382,953	18,068,333
TOTAL EXPENDITURES	\$13,583,838	\$13,669,555	\$20,133,333
AUTHORIZED POSITIONS	0	0	0
FULL-TIME EQUIVALENT	0.00	0.00	0.00

AVIATION**CHECKPOINT SECURITY PROGRAM****PROGRAM INFORMATION:**

The Checkpoint Security Program consists of the assignment of an Airport Police officer to each of two passenger screening areas to provide Law Enforcement support to the Transportation Security Administration (TSA) Screening Activity. The City and the TSA signed a Reimbursement Agreement (RA) that provides for reimbursement to the Aviation Department by the TSA of up to a maximum of 36 hours per day at the established hourly rate for that fiscal year. The effective date of the RA is October 1, 2004 and continues in effect until September 30, 2007, subject to yearly TSA renewals.

PERFORMANCE MEASURES

	Actual 2002-2003	Estimated 2003-2004	Adopted 2004-2005
Input:			
Law Enforcement Hours ¹	8,400	13,140	13,140
Output:			
No. Passengers Screened	3,264,245	3,281,300	3,398,000

EXPLANATORY INFORMATION¹

Prior to 9/11, Airport Police provided the passenger screening checkpoints law enforcement support under the 5-minute "flexible response" FAA rule. Since 9/11, the TSA (under the RA) requires the posting of an Airport Police Officer at each checkpoint during the entire time the checkpoints are in operation. The RA was cancelled by TSA on May 31, 2003, but reinstated October 1, 2004 under a new RA.

FUNDING BY SOURCE & EXPENDITURES BY CHARACTER

	Actual 2002-2003	Authorized 2003-2004	Adopted 2004-2005
FUNDING SOURCES			
FEDERAL	\$193,200	\$374,593	\$384,739
TOTAL FUNDING	\$193,200	\$374,593	\$384,739
EXPENDITURES			
PERSONAL SERVICES	\$193,200	\$361,739	\$384,739
CONTRACTUAL SERVICES	0	4,500	0
COMMODITIES	0	3,372	0
OTHER EXPENDITURES	0	0	0
CAPITAL OUTLAY	0	4,982	0
SUBGRANTING	0	0	0
TOTAL EXPENDITURES	\$193,000	\$374,593	\$384,739
AUTHORIZED POSITIONS	0	0	0
FULL-TIME EQUIVALENT	0.00	0.00	0.00

AVIATION**EXPLOSIVE DETECTION CANINE TEAM****PROGRAM INFORMATION:**

The grant agreement is with the Transportation Security Administration (TSA) for participation in the Explosives Detection Canine Team Program. The Explosive Detection Canine Team Program is designed to increase security at commercial airports. The teams receive specialized training, equipment and canines fully trained in explosive detection. Four Airport Police Officers are assigned to the program. The position authorizations are carried in the Airport Operating Fund. The grant provides reimbursement of up to a total of \$160,500. This program provides canine team utilization at the San Antonio International Airport with a 24-hour per day, 7-day per week response. It is anticipated that the grant agreement will be renewed each year.

PERFORMANCE MEASURES

	Actual 2002-2003	Estimated 2003-2004	Adopted 2004-2005
Input:			
Canine Teams (4 th team in-service for 2 months in FY04)	3	4	4
Output:			
Canine Team In-service Hours per Year	2,904	6,130	7,744
Efficiency:			
Patrol Hours per Team per Year	968	1,532	1,936
Effectiveness:			
% Change Canine Patrol Hours	68%	111%	26%

FUNDING BY SOURCE & EXPENDITURES BY CHARACTER

	Actual 2002-2003	Authorized 2003-2004	Adopted 2004-2005
FUNDING SOURCES			
FEDERAL	\$120,500	\$160,500	\$160,500
TOTAL FUNDING	\$120,500	\$160,500	\$160,500
EXPENDITURES			
PERSONAL SERVICES	\$119,200	\$132,261	\$159,017
CONTRACTUAL SERVICES	0	0	0
COMMODITIES	1,300	1,483	1,483
CAPITAL OUTLAY	0	26,756	0
TOTAL EXPENDITURES	\$120,500	\$160,500	\$160,500
AUTHORIZED POSITIONS	0	0	0
FULL-TIME EQUIVALENT	0.00	0.00	0.00

AVIATION**TxDOT AIRPORT IMPROVEMENT****PROGRAM INFORMATION:**

The FAA provides a block grant to the State of Texas for its general aviation airports. The funds are utilized for airport infrastructure improvements. The State awards grants based on demonstrated need. This grant program covers the period of October 1, 2004 through September 30, 2005. A local match is required for all capital projects.

PERFORMANCE MEASURES

	Actual 2002-2003	Estimated 2003-2004	Adopted 2004-2005
Input:			
Hangar Renovations	\$30,000	\$0	\$0
Design for TxDOT Projects	0	450,000	210,861
Overlay & Extend Runway 9/27 & Replace MIRL	0	0	1,772,100
Extend Taxiways D, D1, & D2	0	0	658,800
Reconstruct Taxiway A & replace MITL	0	0	260,100
Install & replace navigational aids on Runway 9/14	0	0	210,600
Construct RW 32 Runup Pad	0	0	110,700
Total	\$30,000	\$450,000	\$3,223,161

FUNDING BY SOURCE & EXPENDITURES BY CHARACTER

	Actual 2002-2003	Authorized 2003-2004	Adopted 2004-2005
FUNDING SOURCES			
CITY	\$30,000	\$45,000	\$358,129
STATE	30,000	450,000	3,223,161
TOTAL FUNDING	\$60,000	\$495,000	\$3,581,290
EXPENDITURES			
CONTRACTUAL SERVICES	\$0	\$0	\$234,290
CAPITAL OUTLAY	60,000	495,000	3,347,000
TOTAL EXPENDITURES	\$60,000	\$495,000	\$3,581,290
AUTHORIZED POSITIONS	0	0	0
FULL-TIME EQUIVALENT	0.00	0.00	0.00